

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03

PA-01 PRS-01 USIA-06 SS-15 NSC-05 MC-02 ACDA-07 /083 W

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R 311836Z AUG 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4499

INFO AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY ROME

FAA BRUSSELS

USMISSION EC BRUSSELS

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E. O. 11652: N/A

TAGS: EAIR, EIND, FR, US

SUBJ: CIVAIR: AIR FRANCE FLEET RENEWAL

REF: PARIS 24056, PARIS 24461

1. SUMMARY--GOF HAS DENIED COMMUNIST CHARGE "SECRET CLAUSE" IN MERCURE 200 DEAL PROMISED DOUGLAS AIR FRANCE ORDER FOR DC-9'S AS CARAVELLE REPLACEMENT. HOWEVER, WE RECALL THAT AIR FRANCE FLEET RENEWAL HAS BEEN PART OF BAIT ATTRACTING US CONSTRUCTORS IN TALKS WITH FRENCH. WE WONDER WHETHER DOUGLAS WOULD RETAIN INTEREST IN MERCURE 200 PROJECT IF NOT ASSURED OF BREAKING BOEING MONOPOLY IN SUPPLYING EQUIPMENT TO AIR FRANCE.  
END SUMMARY.

2. THE CONTROVERSY WITHIN FRANCE OVER THE MERCURE 200

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PROJECT (REFTELS) HAS TAKEN A NEW TURN WITH SUB-

MISSION OF A WRITTEN QUESTION TO THE PRIME MINISTER BY  
GEORGE MARCHAIS, SYG OF THE FRENCH COMMUNIST PARTY,  
ASKING IF THERE IS A "SECRET CLAUSE" WHEREBY THE GOF  
IS COMMITTED TO AUTHORIZING PURCHASE OF DC-9'S FOR  
WE WONDER WHETHER DOUGLAS WOULD RETAIN INTEREST  
IN MERCURE 200 PROJECT IF NOT ASSURED OF BREAKING BOEING  
MONOPOLY IN SUPPLYING EQUIPMENT TO AIR FRANCE.  
END SUMMARY.

2. THE CONTROVERSY WITHIN FRANCE OVER THE MERCURE 200  
PROJECT (REFTELS) HAS TAKEN A NEW TURN WITH SUB-  
MISSION OF A WRITTEN QUESTION TO THE PRIME MINISTER BY  
GEORGE MARCHAIS, SYG OF THE FRENCH COMMUNIST PARTY,  
ASKING IF THERE IS A "SECRET CLAUSE" WHEREBY THE GOF  
IS COMMITTED TO AUTHORIZING PURCHASE OF DC-9'S FOR  
AIR FRANCE AS PART OF THE AGREEMENT FOR  
MCDONNELL DOUGLAS PARTICIPATION IN THE MERCURE 200  
PROJECT. MARCHAIS NOTES THAT IN JUNE THE GOF HAD  
UNBLOCKED 435 MILLION FR. FOR AN INITIAL PURCHASE OF  
MEDIUM-RANGE AIRCRAFT, NOT OTHERWISE IDENTIFIED, TO  
REPLACE THE OLD CARAVELLES IN AIR FRANCE'S FLEET.  
PROMPTLY CHIMING IN TO SUPPORT MARCHAIS, THE CGT  
SECTION AT AIR FRANCE AND THE CGT TRANSPORT FEDERATION  
IN A JOINT COMMUNIQUE POINTED OUT THAT IT WOULD BE  
CONTRADICTORY TO PERMIT AIR FRANCE TO BUY US AIRCRAFT  
THAT WOULD REMAIN IN ITS FLEET UNTIL THE MID EIGHTIES  
INSTEAD OF WAITING UNTIL 1980 FOR THE MERCURE 200 FOR  
WHICH AIR FRANCE COULD BE EXPECTED TO BE ONE OF THE  
FIRST BUYERS.

3. LE MONDE HAS REPORTED THAT AIR FRANCE HEADQUARTERS  
ANNOUNCED THAT THE QUESTION OF CARAVELLE REPLACEMENT  
WAS STILL UNDER STUDY AND NO DECISION HAS YET BEEN  
TAKEN. STATE SECRETARY OF TRANSPORTATION CAVAILLE  
HAS CATEGORICALLY DENIED TO THE PRESS THAT THERE WAS  
ANY "SECRET CLAUSE" IN THE MERCURE 200 DEAL PROMISING  
FRENCH PURCHASE OF DC-9'S FROM DOUGLAS.

4. CIVAIR OFFICIAL (CLAUDE-LAFONTAINE) WHO  
REPRESENTS FOREIGN MINISTRY ON INTER-MINISTERIAL BODY  
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WHICH MUST APPROVE ACQUISITION OF AIRCRAFT BY ANY  
FRENCH CARRIER HAS INFORMALLY TOLD EMBASSY SHE WAS  
UNAWARE OF ANY DECISION YET HAVING BEEN TAKEN ON  
AIR FRANCE FLEET RENEWAL OR OF ANY COMMITMENT GIVEN  
TO MCDONNELL DOUGLAS RE PURCHASES BY AIR FRANCE.

5. YET ANOTHER COMPLICATING FACTOR IS THE ARRIVAL ON  
THE SCENE OF FOURCADE AS NEW MINISTER OF EQUIPMENT,

WHOSE RESPONSIBILITIES ALSO INCLUDE TRANSPORT.  
(WHILE CAVAILLE WAS AN "AUTONOMOUS" STATE SECRETARY  
IN THE CHIRAC GOVERNMENT AND REPORTED DIRECTLY TO  
THE PRIME MINISTER, HE IS NOW ATTACHED TO FOURCADE'S  
MINISTRY AND REPORTS TO FOURCADE IN THE BARRE GOVERN-  
MENT.) LE MONDE RECALLS THAT WHEN FOURCADE WAS  
FINANCE MINISTER IT WAS HE WHO FIRST TOUCHED OFF  
PUBLIC CONTROVERSY OVER AIR FRANCE FLEET RENEWAL BY  
INSISTING THAT AIR FRANCE SHOULD BE FORCED TO BUY  
THE MERCURE 100 RPT. 100 AND SHOULD NOT BE PERMITTED  
TO BUY AMERICAN AIRCRAFT TO REPLACE THE CARAVELLES  
(75 PARIS 05010). THIS SUGGESTS THAT FOURCADE WILL  
TAKE CLOSE PERSONAL INTEREST IN THE QUESTION OF FLEET  
RENEWAL AS WELL AS THE TERMS OF ANY AGREEMENT  
EVENTUALLY WORKED OUT AMONG DASSAULT, SNIAS AND  
DOUGLAS FOR THE MERCURE 200 PROJECT.

6. COMMENT: ADMITTEDLY THERE CAN BE NO "SECRET

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DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03

PA-01 PRS-01 USIA-06 SS-15 NSC-05 MC-02 ACDA-07 /083 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4500

INFO AMEMBASSY BONN

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CLAUSE" IN WHAT DOES NOT YET EXIST, INASMUCH AS THE GOF HAS SAID EARLIER THAT THE FINAL AGREEMENT AMONG THE PARTICIPANTS IN THE MERCURE 200 PROJECT WAS STILL TO BE NEGOTIATED. HOWEVER, WE WOULD BE SURPRISED IF DOUGLAS HAD NOT BEEN GIVEN SOME FORM OF ASSURANCE FROM GOF OR HAD OTHERWISE BEEN LED BELIEVE THAT IT WOULD LAND CONTRACT FOR AT LEAST PART OF AIR FRANCE FLEET RENEWAL, WHETHER DC-9 REPLACEMENT FOR CARAVELLES OR EVEN DC-10 REPLACEMENT FOR OLD 707'S. (AIR FRANCE CAN ONLY REPLACE 707'S WITH AMERICAN EQUIPMENT ANYWAY SINCE NO ONE ELSE BUILDS LONG-RANGE SUBSONIC AIRCRAFT.) IN FACT, CAVAILLE FLATLY ADMITTED TO US LAST YEAR--75 PARIS 12546, PARA 7--THAT GOF HAD OFFERED BUY DC-9'S FOR AIR FRANCE IF DOUGLAS WOULD HELP MARKET AIRBUS IN US; HENCE, LIMITED OFFICIAL USE

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HAVING FAILED TO USE THE BAIT OF AIR FRANCE FLEET  
RENEWAL FOR MAXIMUM LEVERAGE IN THE NEGOTIATIONS WITH  
THE US SIDE.

7. COMMENT (CONT.): IN THE CASE OF DOUGLAS,  
BREAKING BOEING'S MONOPOLY FINALLY ON SUPPLY OF US-  
BUILT AIRCRAFT TO AIR FRANCE COULD MEAN FINANCIAL GAIN  
ESPECIALLY OVER THE SHORT TERM BUT ALSO OVER THE  
LONGER TERM THAT COULD FAR OFFSET THE FINANCIAL STRAIN  
OF RELATIVELY MODEST PARTICIPATION IN THE MERCURE 200  
PROJECT; THIS COULD EXPLAIN MANY QUESTIONS ABOUT  
WHY DOUGLAS WAS READY TO GO INTO THE MERCURE 200  
PROJECT IN ITS PRESENT FORM. SINCE AIR FRANCE  
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CERTAINLY CAN'T WAIT FOR THE MERCURE 200 IN 1980  
BEFORE REPLACING ITS CARAVELLES AND ANYWAY WOULD SEEM  
TO NEED AN AIRCRAFT OF SMALLER CAPACITY THAN THE  
MERCURE 200 FOR MANY OF ITS DOMESTIC AND  
EUROPEAN ROUTES, IT SEEMS LIKELY THAT SOME US  
AIRCRAFT WILL HAVE TO BE PURCHASED--OR LEASED--AS  
CARAVELLE REPLACEMENTS. AS A RESULT OF THIS LATEST  
CONTROVERSY OVER THE "SECRET CLAUSE", HOWEVER, THE  
PUBLIC RELATIONS HANDLING OF ANY EVENTUAL PURCHASE OF  
DC-9'S AS CARAVELLE REPLACEMENTS WILL BECOME FAIRLY  
DELICATE FOR THE GOF. IF DOUGLAS DOES NOT GET FIRM  
ASSURANCE OF SELLING AIRCRAFT TO AIR FRANCE, WE WONDER  
WHETHER DOUGLAS IN THE UPCOMING FINAL STAGES OF  
NEGOTIATIONS MIGHT NOT LOSE INTEREST IN THE MERCURE 200  
PROJECT.  
GAMMON

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
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